

THE DIRECTOR OF
CENTRAL INTELLIGENCE


National Intelligence Council

30 November 1982

NOTE FOR THE DIRECTOR

SUBJECT: EA Agenda for 1983

Senior Intelligence Community managers working on East Asia have a tradition of meeting informally for lunch once a month. At our meeting of 27 October, the SNIO, the DIO, the Director of East Asia of INR and I decided to identify for our principals the key intelligence issues coming up in 1983 in East Asia and support the list of issues with a calendar of major events. We have also prepared a few recommendations for collectors and analysts. If you wish to talk with members of the luncheon group, it can be arranged at your convenience. [redacted] and [redacted] will also be invited.


David Gries

cc: DDCI
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David - good!
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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

30 November 1982

National Intelligence Council

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

THROUGH : Chairman, National Intelligence Council

FROM : David D. Gries
National Intelligence Officer for East Asia
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Defense Intelligence Officer for East Asia and Pacific
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SIGINT National Intelligence Officer for Asia
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Director, INR/East Asia and Pacific

SUBJECT : East Asia Agenda for 1983

1. East Asia should remain relatively stable in 1983. Nonetheless, potential leadership changes, Sino-Soviet relations, uneven economic performance, and adverse military trends will test bilateral relations with several countries.

2. As a consequence, intelligence collection and analysis will have to address these broad subjects in 1983:

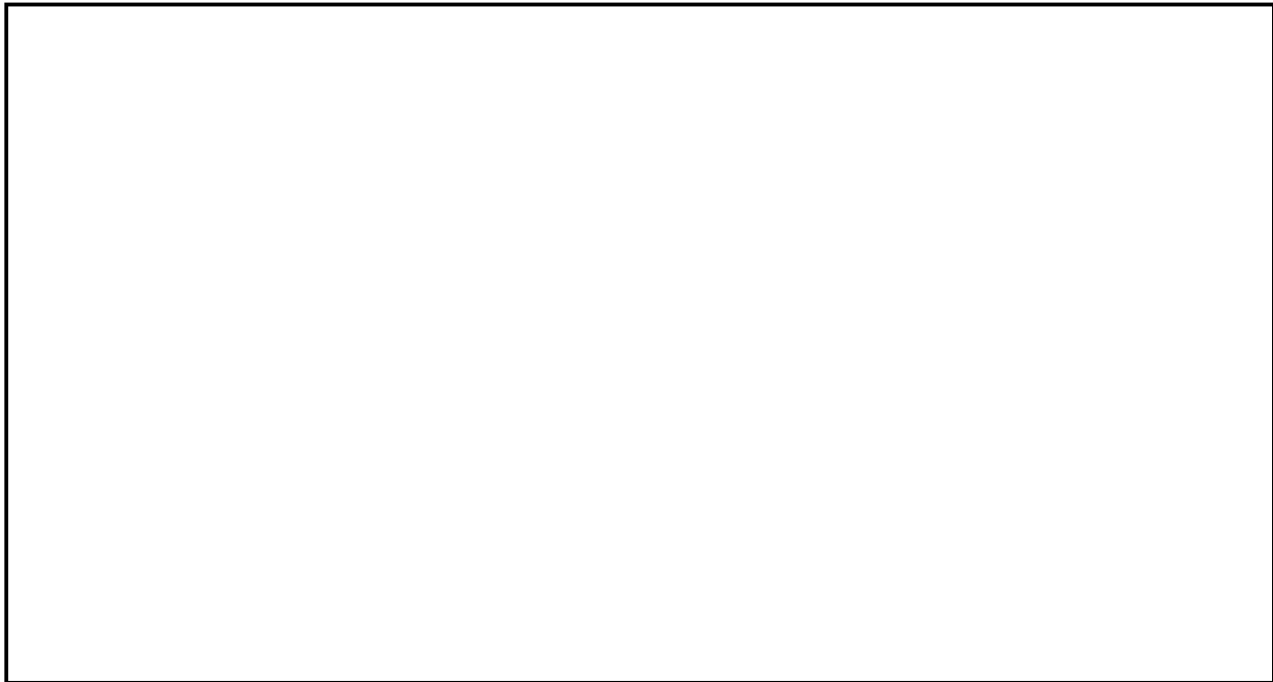
- Leadership changes. Japan's Nakasone is not likely to make significant changes in policy toward the US. The possibility of a return to Labor Party rule in Australia and New Zealand, however, could result in decreasing military cooperation with the US. The leadership of China, Taiwan, North Korea, Vietnam and Burma is in transition with continuity of existing policy uncertain for years beyond 1983.
- Sino-Soviet relations. The dialogue between Chinese and Soviet leaders could lead to improved trade relations and possibly to some reductions in forces along the border, but major differences are likely to persist over Soviet occupation of Afghanistan, Chinese support for resistance forces in Kampuchea, and other issues.
- Economic performance. East Asia will continue to grow faster than other Third World areas, though Indochina and the Philippines are notable exceptions. North Korea's foreign debt problems will not be resolved. Japan's trade balances and surplus in current accounts will continue to cause friction. Chinese economic growth will be

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erratic and the US role in it, especially in petroleum, will be significant. Technology transfer will be an issue of increasing importance: US to China; Japan to the USSR, China and North Korea; and Japan to the US and China.

- Military trends. Most military trends in East Asia will remain adverse, as growth and modernization in the Soviet Far East, North Korea, and Vietnam continues to outpace military programs in neighboring countries. The North Korean military buildup and two-front war strategy will remain the most dangerous threat in the region. Japanese military capabilities will continue to fall short of US expectations.



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4. A more detailed calendar for East Asia in 1983 is attached.

David D. Gries
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1. Japan

A. Issues

- growing high technology competition
- trade imbalance and non-tariff barriers
- defense spending and military capabilities
- development of Siberian resources with Japanese capital
- transfer of military-related technology to US
- leakage of military-related technology to USSR

B. Expected Events

- January Tanaka Verdict. Former Prime Minister Tanaka is almost certain to be found guilty of accepting bribes from Lockheed. The announcement could have a major effect on the LDP. Sentencing later in 1983 will have an even greater effect and could seriously weaken Nakasone.
- January Nakasone Visit. The new prime Minister will visit Washington and try to ease differences over economic and defense policy.
- April Economic Summit in US. With the best record of economic performance among the summit countries, Japan will be sensitive to criticism of trade balances and trade barriers.
- June Diet elections. Elections for the House of Councillors must be held in late June or early July. Elections for the House of Representatives may be held sometime during 1983 if the Prime Minister decides to call for them. The new Prime Minister will probably call an election sometime during 1983 in order to establish his political credentials before Tanaka is sentenced.
- June-Aug Security Subcommittee (SSC) Meeting. Annual US-Japan policy consultations on defense are scheduled during this period. The 1983 SSC will be the first since the US asked Japan to step up efforts to meet its expanded defense goals by 1990. Technology transfer issues will be important.
- June-Dec Budget Decisions. The ceiling for the FY 1984 defense budget will be set in June, and the actual budget will be decided by the Cabinet in late December. This will be the first budget reflecting the joint study on sea lane defense agreed to at the 1982 SSC.

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2. China

A. Issues

- ground rules for technology transfer to China
- US arms sales to Taiwan
- political succssion; party and governmental reorganization
- Sino-US strategic cooperation
- consequences of more normal Sino-Soviet relations
- future status of Hong Kong

B. Expected Events

- 1983 VIP Visits. Premier Zhao Ziyang will probably visit the US after a visit to China by Secretary Shultz; SecDef also may visit China and the President may include China in his East Asian trip itinerary. A long range US policy towards China must be articulated.
- Leadership Changes. Deng continues to orchestrate his own succession. There may be a large-scale change of provincial civil leaders and commanders of military regions and districts. Huang Hua's replacement by Wu Xueqian may result in additional personnel changes in the Foreign Ministry. Some Party elders may retire or die.
- Feb Sino-Soviet Talks. Discussions will continue, possibly heightening US anxieties. Improvements are likely in cultural, trade, and other politically non-sensitive relations.
- Party and Military Reform. Deng may run into difficulty as he continues to replace party and military hardliners.
- May SSBN. China's first nuclear SSBN should begin sea trials and a new SLBM storage area should be completed.
- July Missiles and Space. China may launch its first domestic communications satellite and may test an ICBM at extended range in the open sea.
- Jul-Aug Military Deployments. An out-of-area naval task force may be formed and make its first foreign port visit, perhaps to Pakistan.
- Military Equipment Acquisition. Beijing may conclude a major arms-related deal (e.g., ATGMs) with the West, probably involving a coproduction/technology transfer arrangement.

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3. Taiwan

A. Issues

- Reunification/reconciliation with PRC
- Succession to Chiang Ching-kuo
- US arms sales
- Economic growth
- Taiwan's nuclear capabilities

B. Expected Events

- Premier Sun will strengthen his position as Chiang Ching-kuo's likely successor
- Taiwan will continue to press the US for assurances of support and to test the arms sales limitations implicit in the Sino-US Communique of August 1982
- Taiwan will attempt to obtain advanced weapons systems from non-US as well as US sources



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4. North Korea

A. Issues

- Military buildup
- North Korean military strategy
- North Korean economic difficulties, including default on foreign debt
- Political succession; emergence of Kim Chong-Il
- Sino-North Korean relations

B. Expected Events

Jan-Mar Military Exercises. Increased North Korean readiness
Nov-Dec and forward deployment will reduce decision time for
 South Korean and US commanders. The manner in which
 exercises are likely to be conducted will further
 obscure warning indicators.

--- Military Buildup. Mechanization of selective
 infantry units will progress, expansion of the Navy
 through domestic production will continue, and
 acquisition of additional Chinese aircraft (including
 MIG-21s) may occur. Libya may also become a source
 of weaponry for P'yongyang.

--- Leadership Succession. The grooming of Kim Chong-Il
 as Kim Il-song's successor is expected to continue in
 1983.

--- Sino-North Korean Relations. High-level official
 visits may indicate the extent of future cooperation.

--- Economic Difficulties. North Korea will continue to
 have difficulties servicing its foreign debt.
 Continued arms sales may provide badly needed hard
 currency.

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5. South Korea

A. Issues

- Internal stability
- Adverse trends in military balance with North Korea
- State of economy; labor and investor confidence
- North-South unification initiatives
- Illegal export of US-licensed weapons systems
- Relations with Japan

B. Expected Events

- Japan. Talks on economic aid package will resume.
- Jan-Mar Reunification. Additional ROK reunification initiatives can be expected but without result.
- Mar-Apr 15th Security Consultative Meeting. This annual conference is the most senior regularly scheduled consultation between two countries and covers all aspects of the security relationship.
- Mar-May Universities open. Student demonstrations likely to occur.
- Apr US-South Korea Economic Council Meeting. Discussion of full range of bilateral economic issues.
- 19 Apr Anniversary of Student Uprising. Commemorates 1960 uprising against Syngman Rhee. Police will exercise stricter control over student demonstrations.
- Apr-May Exercise Team Spirit. Largest annual ROK-US military exercise.
- 21 May Anniversary of the 1980 Kwangju Uprising. Anti-regime and anti-US demonstrations likely.



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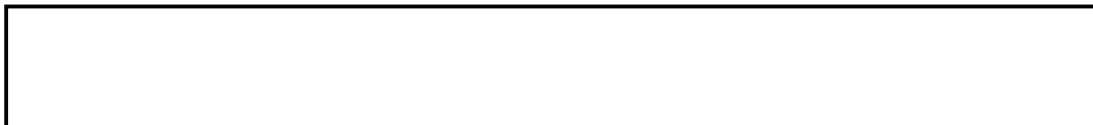
6. ASEAN

A. Issues

- Political solidarity on Kampuchea policy
- Support for resistance forces in Kampuchea
- Disputed off-shore claims
- Refugees
- US bases in the Philippines
- Role of Australia and New Zealand on security of ASEAN
- Contrasting views on China as a threat

B. Expected Events

- Feb US-Philippine Defense Consultations. Philippine Defense Minister Enrile will visit Washington for the first session of annual bilateral defense talks at the ministerial level.
- Mar Indonesian Election. Parliament will reelect President Suharto in a routine vote.
- Apr Philippine Base Negotiations. Beginning of new round of base negotiations.
- Apr-May Thai Parliamentary Elections. National electins for lower house will mark evolution toward a broader-based government.
- Malaysian Prime Minister Visit to US. Mahathir is expected to make a working visit to Washington, but the date is uncertain.
- June ASEAN Foreign Ministers Conference. This year the meeting will be in Bangkok and should draw significant representation from US.
- Five Power Defense Arrangement. The first of two Australian Mirage fighter squadrons stationed at Butterworth Air Base, Malaysia, is scheduled to withdraw in July 1983. The second squadron is scheduled to leave in 1986 but may remain. New Zealand, citing fiscal problems, may decide to withdraw the infantry battalion stationed in Singapore. The withdrawal of Australia/New Zealand forces from Southeast Asia may have a detrimental psychological effect on the ASEAN states.



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7. Indonesia ^{China}

A. Issues

- Impact of improved Sino-Soviet relations on Vietnam
- Vietnam's economic performance
- Viability of Kampuchean resistance coalition
- Kampuchea's UN seat
- Refugees
- US POWs/MIAs
- Chemical and biological warfare
- Leadership changes in Vietnam

B. Expected Events

Offensive Against Resistance Forces. Although dates uncertain, Vietnamese forces can be expected to mount operations along the border, probably before the rainy season begins in May.

Jan-Jun Indochina Meeting. Bi-annual meeting of Indochinese Foreign Ministers enunciates general lines for diplomatic moves on Kampuchea. (Indochina Summit is due to be held by end of 1982).

Oct Refugees. US Congressional hearings on refugees will include Indochina.

Sep-Oct UNGA Vote. Annual vote on Kampuchean credentials and the ASEAN resolution on Kampuchea. No change expected.

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8. ANZUS

A. Issues

- Leadership changes in Australia and New Zealand.
- Defense cooperation with the US including joint facilities and access of nuclear-powered ships and nuclear armed aircraft.

B. Expected Events

Australian Elections. Parliamentary elections must be called no later than November 1983. There is an even chance that the current coalition headed by Prime Minister Frazer will be displaced by the Labor Party. A Labor Government is likely to be less supportive of US-Australian defense cooperation.

New Zealand Elections. Parliamentary elections do not have to be held until November 1984, but the current National Party government of Prime Minister Robert Muldoon has only a two-vote majority in the legislature and could be overturned at any time. A Labor Party victory could pose minor problems for the United States because of party opposition to the visits of nuclear-powered ships and support for the creation of a nuclear-free zone.

Jul ANZUS Meeting. The meeting will be held in Washington this year.



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9. Soviet Activity in East Asia

A. Issues

- Economic and military assistance to Vietnam; Soviet use of Vietnamese bases
- Growth of forces in the Soviet Far East and the Soviet Pacific Fleet
- Japanese trade and investment in the USSR
- Soviet subversive activities
- Illegal technology transfer to USSR

B. Expected Events

Feb Sino-Soviet talks will continue, possibly leading to some improvement in bilateral relations.



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10. Other Areas

- Jan Brunei Independence. This small, oil-rich sultanate receives full independence from the UK at the end of 1983. The commander of its armed forces has requested a visit to the US in January. Brunei will reportedly seek a security assistance relationship with the US.
- Feb-Mar Non-Aligned Movement (NAM) Summit. India will host NAM Summit which can be expected to include anti-US speeches by North Korean, Vietnamese, and other representatives.
- Aug South Pacific Forum. The 14th annual meeting will publicize continuing disagreements with Washington over nuclear policies, the LOS treaty, and fishing rights. Sentiment favoring non-alignment may grow; Vanuatu recently announced it would permit Soviet warship visits.
- Sep Military Assistance. US Congressional hearing on military assistance will address South Korea, Thailand, and the Philippines.
- Burma Leadership Transition. Ne Win began the process of transition to new leadership when he gave up the Presidency in 1981, while retaining leadership of the Burma Socialist PROgram Party. This transition process should continue in 1983, albeit slowly.

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